

TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Real Estate - Activity Status Report

ITEM NUMBER: 13

ATTACHMENT(S): 2

ACTION: \_\_\_\_\_

DATE OF MEETING: May 3, 2000

INFORMATION: X

PRESENTER(S): Mr. Mitchell

The table below summarizes the real estate portfolio by risk type and, for the low risk portfolio, shows the breakdown by region and by product type. Attachment 1 contains a summary of high-risk opportunity fund commitments and capital accounts from inception through March 2000. Attachment 2 identifies specific transactions closed in the month of March 2000.

<i><b>Total Real Estate -- By Risk Type</b></i>	<b>As of</b>	<b>% of Total</b>
	<b><u>3/31/00</u></b>	<b><u>Portfolio</u></b>
<b>Low</b>	\$2,584,615,154	2.4%
<b>Moderate</b>	121,690,513	0.1%
<b>High</b>	455,837,888	0.4%
<b>Total Real Estate Portfolio (1)</b>	<u>\$3,162,143,555</u>	<u>2.9%</u>

<i><b>Low Risk - By Product Type</b></i>	<b>As of</b>	<b>% of Low Risk</b>	<b>Target</b>	<b>Range</b>
	<b><u>3/31/00</u></b>			
<b>Apartment</b>	\$468,369,766	18.12%	20%	10-30%
<b>Industrial</b>	549,461,971	21.26%	25%	15-35%
<b>Office</b>	1,223,753,891	47.35%	35%	30-50%
<b>Retail</b>	343,029,526	13.27%	20%	15-35%
<b>Total Low Risk</b>	<u>\$2,584,615,154</u>	<u>100.0%</u>	<u>100%</u>	

<i><b>Low Risk - By Region</b></i>	<b>As of</b>	<b>% of Low Risk</b>	<b>Target</b>	<b>Range</b>
	<b><u>3/31/00</u></b>			
<b>East</b>	\$665,466,811	25.75%	20%	10-30%
<b>Midwest</b>	245,593,593	9.50%	15%	5-25%
<b>South</b>	518,352,292	19.98%	25%	15-35%
<b>West</b>	1,157,202,458	44.77%	40%	30-50%
<b>Total Low Risk</b>	<u>\$2,584,615,154</u>	<u>100.0%</u>	<u>100%</u>	

Note: (1) Represents Ending Market Value, excluding any balance sheet adjustments.

## **APPRAISAL SERVICES FOR INCENTIVE BASED ACQUISITION FEES**

The real estate staff has sent a Request for Proposal (RFP) for appraisal services to six national appraisal firms. Under the Real Estate Advisor contracts effective 6/30/99, acquisition fees are paid out over a three year period based on investment performance. Outside appraisals are required in order to assess performance relative to one of the benchmarks used to determine incentive acquisition fees. The RFP is for appraising all properties acquired during the period between 6/30/99 and 12/31/99.

**CalSTRS REAL ESTATE OPPORTUNITY FUND ACTIVITY STATUS REPORT  
COMMITMENTS AND CAPITAL SUMMARY**

**As of March 31, 2000**

<u>Opportunity Fund</u>	<u>Date Fund Closed</u>	<u>Fund Size</u>	<u>% of Fund Invested</u>	<u>% of Fund Committed</u>	<u>STRS Commitment</u>	<u>Amount Funded by STRS</u>	<u>Returned Capital</u>	<u>Income Received</u>	<u>Co-Investm. Funded by STRS</u>	<u>% of Fund Debt</u>
Colony II	Apr-95	625,000,000	96.7%	100.0%	150,000,000	144,728,140	64,978,149	33,369,300	0	38%
M.Stanley II	Nov-95	1,051,000,000	100.0%	100.0%	200,000,000	208,221,740 (1)	113,459,223	103,772,767	1,137,827	60%
Lazard Freres	May-96	<u>645,000,000</u>	100.0%	100.0%	<u>196,825,714</u>	<u>196,825,714</u>	<u>31,627,889</u>	<u>27,475,849</u>	<u>46,825,714</u>	62%
	TOTALS	\$2,321,000,000			\$546,825,714	\$549,775,594	\$210,065,261	\$164,617,916	\$47,963,541	

Note: Returned Capital and Income Received includes distributions from Co-Investments.

(1) Pursuant to Partnership Agreement, includes reinvestment proceeds

**CalSTRS DIRECT REAL ESTATE ACQUISITIONS and DISPOSITIONS**

**As of March 31, 2000**

<u>ACQUISITIONS</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MANAGER</u>	<u>AMOUNT</u>	<u>DATE CLOSED</u>
St. Andrews at Perimeter	Apartment	Atlanta, GA	SSR	\$45,500,000	03/28/2000

<u>DISPOSITIONS</u>	<u>TYPE</u>	<u>LOCATION</u>	<u>MANAGER</u>	<u>AMOUNT</u>	<u>DATE CLOSED</u>
Pacific Northwest - Renton Bldg.	Industrial	Renton, WA	Lend Lease	\$6,213,117	03/10/2000